



GOVERNMENT FINANCE
STATISTICS MANUAL 2014

INTERNATIONAL MONETARY FUND

COA - Vol. 6



DEMOCRATIC REPUBLIC OF TIMOR - LESTE

Ministry of Finance

Quarterly Fiscal Bulletin

April – June 2014

Chart of Accounts (COA)

Executive Summary

At the closing of the second quarter of 2014, the General Government of Timor-Leste (GGoTL) including the Petroleum Fund (PF) is running a surplus of \$950.1 million in the second quarter of 2014. However although the GGoTL can sustain its current level of operations, it is strongly reliant on oil revenues to achieve this as excluding the Petroleum Fund, the GGoTL is running a non-oil deficit of \$334.6 million

GENERAL DIRECTORATE STATE FINANCE
ECONOMY POLICY - FISCAL CLUSTER
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TIMOR - LESTE

QUARTERLY FISCAL BULLETIN - COA

1. Overall Fiscal Position (Oil and Non-oil)

Table 1. Overall Fiscal Position¹

Petroleum Fund and General Government (USD Million)			
	2014 Act Q1	2014 Act Q2	Total Actual
A. Total Expenditure	110.3	307.0	417.3
Recurrent Expenditure	95.9	240.7	336.6
Capital Expenditure	14.4	66.3	80.7
B. Total Revenue	666.5	700.9	1,367.4
Non-oil Revenue	35.5	40.1	75.7
Oil Revenue	631.0	660.7	1,291.8
<i>Petroleum Fund Gross Receipts</i>	<i>543.6</i>	<i>541.3</i>	<i>1,084.9</i>
<i>Investment Income</i>	<i>87.4</i>	<i>119.5</i>	<i>206.8</i>
Surplus (B-A)	556.3	393.8	950.1
Financing	-556.3	-393.8	-950.1
Foreign Loans	3.0	2.7	5.7
Net Purchase of Financial Assets	-627.9	-656.9	-1,284.8
Use of Cash Balance*	68.6	260.3	328.9

NB: Net Purchase of Financial Assets and Investment Income exclude the changes in market value of financial assets in the Petroleum Fund.

*Use of Cash Balance refers to the Government Accounts only.

** Positive values for Foreign Loans and Use of Cash Balance reveal use of cash to pay for expenses.

At the close of the second quarter of 2014, total expenditures for the GGoTL and the PF reached \$417.3 million. Total expenditures are divided into \$336.6 million spent on recurrent expenditures and \$80.7 million spent on capital expenditures².

Total revenue to this date was \$1,367.4 million. \$1,291.8 million was from PF revenues and \$75.7million from non-oil revenues. PF revenues include PF gross receipts (taxes, royalties and second tranche petroleum) and investment income (dividends, interests and trust income, but exclude fair value gains and losses on profit/loss).³

The overall surplus is therefore calculated as total revenue minus total expenditure. This stood at \$950.1 million by the 30th June 2014, which means the GGoTL including the PF is in a strong fiscal position to make investments in financial assets.

Financing is broken down into three components. The GGoTL made use of \$328.9 million from the cash balance, \$5.7 was received from loans and \$1,284.8 million was used to purchase financial assets in the PF.

¹ All data in this document refers to unaudited accounts and is thus subject to change.

² This includes expenditure from loans under capital and development.

³ The reason for excluding gains and losses on profit/loss and on exchange rates is due to these items being accrued but not cashed.

2. General Government's Fiscal Position

Table 2. Non-Oil Fiscal Position

General Government					
	2014 Budget	2014 Act Q1	2014 Act Q2	Total	% Execution
Total Expenditure by Appropriation Category	1,500.0	107.1	303.2	410.3	27%
Recurrent	992.6	92.8	236.8	329.6	33%
Salary and Wages	176.8	35.2	37.6	72.7	41%
Goods and Services (including HCDF)	480.3	35.9	118.3	154.3	32%
Public Transfers	335.5	21.7	80.9	102.6	31%
Capital	507.5	14.4	66.3	80.7	16%
Minor Capital	52.1	0.1	4.6	4.6	9%
Capital and Development (Including IF.)	455.4	14.3	61.8	76.1	17%
Domestic Revenue ***	166.2	35.5	40.1	75.7	46%
Non-Oil Fiscal Balance	-1,333.9	-71.6	-263.0	-334.6	25%
Financing	1,333.9	71.6	263.0	334.6	25%
Estimated Sustainable Income (ESI)	632.3	0.0	0.0	0.0	0%
Excess Withdrawals from the PF	270.6	0.0	0.0	0.0	0%
Use of Cash Balance	400.0	68.6	260.3	328.9	82%
Borrowing/Loans	31.1	3.0	2.7	5.7	18%

*Including HCDF.

**Including Infrastructure exp.

Excluding the PF, the GGoTL had a non-oil deficit of \$334.6 million by the 30th June 2014, as seen in Table 2. \$328.9 million of this deficit was financed through the use of the cash balance and \$5.7 million was financed through loans.

2.1 General Government Expenditures

Expenditures amounted to \$410.3 million by the 30th June 2014. This was also 27% of total budgeted expenditures for the year.

2.1.2 Expenditure by Appropriation Category

Expenditures are divided into recurrent and capital expenditures. Recurrent expenditures were the largest category of expenditures totalling \$329.6 million at the closing of the second quarter of 2014; 30% higher than the \$253.0 million recorded in the same period in 2013. The execution rate for recurrent expenditures by the close of the second quarter of 2014 was 33%. In comparison, capital expenditures reached \$80.7 million by the 30th June 2014, with an execution rate of 16%.

Recurrent expenditures are divided into:

Salary and Wages reached an execution rate of 41%, totalling \$72.7 million at the close of the second quarter of 2014. This is 15% higher than the \$63.3 million incurred in the same period of 2013.

Goods and Services was the largest category of recurrent expenditures, reaching \$154.3 million by the 30th June 2014 and was therefore the largest category of recurrent expenditures. This represented an increase of 44% compared to the \$106.9 million spent in the same period of 2013. The increase was strongly affected by higher expenditure on fuel for generators (which increased by 37%) and professional services (which increased 63%). Expenditures on human capital through the HCDF reached \$9.8 million, 5% less than those recorded in 2013.

Public Transfers presented an execution of 31%, recording \$102.6 million by the end of the second quarter of 2014. This total was 24% higher than the \$82.9 million paid out in the second quarter of 2013. This increase was mostly due to a rise in public grants, from \$20.0 million to \$41.8 million by the 30th June 2014.

Capital expenditures are composed of:

Minor Capital more than doubled the expenditures recorded at the end of the same quarter of 2013, reaching \$4.6 million at the by the 30th June 2014. This represented an execution rate of 9%.

Capital & Development reached \$76.1 million by the 30th June 2014. This was 17% of the total capital and development expenditure budgeted for the year. Within capital and development, expenditure in the Infrastructure Fund reached at \$55.4 million, 32% higher than the \$42.0million spent in the same period of 2013.

2.2 Non-oil Revenues

Table 3. Non-oil Revenues

General Government					
	2014 Budget	2014 Act Q1	2014 Act Q2	Total Actual	% Execution
Total Domestic Non-oil Revenues	166.1	35.5	40.1	75.7	46%
Tax Revenue	120.0	25.5	27.0	52.5	44%
Taxes on commodities	70.5	14.6	16.9	31.5	45%
Taxes on income	45.1	10.0	9.4	19.3	43%
Service tax	4.1	0.9	0.8	1.7	41%
Other tax revenues	0.3	0.0	0.0	0.0	0%
Non tax Revenue (non-oil)	22.4	4.5	7.0	11.6	52%
Revenue Retention Agencies	23.8	5.5	6.1	11.6	49%

Total domestic non-oil revenues were \$75.7 million by the 30th June 2014, which represented 46% of the total revenue budgeted for the year. This was divided into:

Tax Revenue, which was the largest category and can be divided into:

Taxes on commodities was the largest tax category, reaching \$31.5 million at the closing of the second quarter of 2014 (17% higher than the \$27.0 million collected in the same period 2013). This increase stemmed from an increase in excise tax and to a lesser extent to import duties collection.

Taxes on income totalled \$19.3 million at the end of 2014, 8% higher than the \$17.9 million collected in the second quarter 2013. This was 43% of the total budgeted for the year.

Service tax increased 3% higher than the \$1.6 million collected by the end of the second quarter 2013, totalling \$1.7 million by the 30th June 2014.

Non-tax revenue totalled \$11.6 million by the close of the second quarter of 2014, 52% of the total forecasted for the year.

Revenue Retention Agencies recorded 18% higher revenues than during the same period of 2013, reaching \$11.6 million at end of the second quarter of 2014.

3. Financing

Non-oil expenditures incurred by the GGoTL were financed through a combination of loans and use of the cash balance and totalled \$334.6 million. \$328.9 million was financed through the use of cash balance and \$5.7 million through loans, as no withdrawals were made from the PF during the first half of 2014.